



Welcome

C. Mark Loper FACHE, FAHM

Chief Business Officer

VHA – Providing Health Care Excellence for Our Veterans

Dr. Jonathan B. Perlin, MD, PhD, MSHA, FACP

Under Secretary for Health, Department of Veterans Affairs

Contract Care Coordination Program Overview

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Acquisitions Briefing

Dennis R. Maloney

Deputy Director for VHA Acquisitions

Leonard Nale

VHA Chief Business Office Contracts Manager

Demonstration Process Questions & Objective Recommendations



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Project **HERO**

Excellence for Our Veterans – Value for America

Healthcare **E**ffectiveness through **R**esource **O**ptimization

A Veterans Health Administration Care Management Demonstration Program

Contract Care Coordination



C. Mark Loper, FACHE, FAHM
Chief Business Officer

Chief Business Office, VHACO
Veterans Health Administration
Washington DC

February 2, 2006



The Veterans Health Administration

“Nations largest integrated health care delivery system”

“VA medical facilities in every state”

This year ...

4 Missions ...

- **Medical Care**
- **Medical Education**
- **Medical Research**
- **Preparedness for National Emergencies**

- **5,300,000 Patients**
- **157 Hospitals**
- **860 Outpatient Clinics**
- **134 Nursing Homes**
- **57,500,000 visits**
- **42 Rehabilitation Centers**
- **206 Counseling Centers**
- **21 VISNs***

(* Veterans Integrated Service Networks)



A System of Networks

(Veterans Integrated Service Networks)

VA VISN INDEX



There are 21 VISN's. Alaska belongs to VISN 20. Hawaii and the Philippines belong to VISN 21. Puerto Rico belongs to VISN 8.



Public Law 109-114

Congress supports expeditious action by the Department ...

- Employ care strategies proven in public and private sectors
- Focus on cost-effective purchasing of care
 - Complement VHA system of care
 - Preserve important agency interests (e.g., affiliate partnerships)
- Competitive award by the end of Calendar Year 2006
 - At least three objectives-oriented demonstrations
 - Collaboration with industry and academia is encouraged
 - SecVA to submit objectives to Appropriations Committees within 90 days of enactment (NLT Feb 28)



Public Law 109-114

(Continued)

- Program must be established in at least three VISNs
- Effort must be comprehensive in scope and serve a substantial patient population
 - May incorporate variety of forms of public-private participation
 - Multiple awards and designs may be employed



Opportunity and Privilege

VHA

- *Opportunity* to leverage position, scale, and special competencies
 - Mobilize taxpayer investments to revolutionize care for veterans
 - Achieve national benchmark “most effective system”
- *Opportunity* to move into next stage of ‘transformation’
 - Unprecedented and powerful marriage of technology and operations
 - Secure the most fully-enabled, unburdened practice of medicine
 - Data rich enterprise poised to advance quality and safety
- *Opportunity* to advance America’s health care system

Business Partners

- *Opportunity* to advance intellectual capital through VHA open systems
 - Potential for derived market power
- *Opportunity* to be part of something grand and potentially transformative
- *Privilege* to serve our Nation’s heroes – position to gain cultural value



Demonstration Opportunity

**Healthcare Excellence through
Resource Optimization**

**Business Strategy to Achieve
"Most Effective System"**

**Health
Operations**

"Best Care Anywhere!"

**Optimized
Business
Operations**



Demonstration Perspectives

- Platform for testing and evaluating the application of promising care management and business strategies in the VHA context
- Design supportive of broader Departmental strategies and the VHA Strategic Plan
- Active collaboration with industry and academia as encouraged in law
- Strategic partners acquired through competitive award of best-value, performance-based contracts focused through statements of objectives



Draft Objectives

- Increase the efficiency of VHA processes associated with purchasing care from commercial or other external sources
- Reduce the rate of cost growth associated with purchased care
- Implement management systems and quality processes that foster patient safety and make contracted providers virtual, high quality extensions of the VHA
- Control administrative costs and limit administrative cost growth to a rate lower than that experienced in the cost of care
- Increase net collections of medical care revenues
- Increase enrollee satisfaction with VHA services



Secondary Gains

- Build upon VHA leadership in providing top quality care
- Favorably influence the cost of health care delivery
- Improve access to services, particularly in VHA facilities
- Leverage VHA leadership in care coordination and other innovative care management strategies
- Improve health and health care interfaces with participating providers and business partners (interoperability)
- Facilitate care recovery in hurricane impact zones
- Advance the state of the art in health care delivery



Major Components of Work

- **VHA Optimization**
Assist VHA with enhancing VHA internal care capacities and processes to minimize need for purchased care
- **Community Optimization**
Develop and manage community care capacities beyond VHA
- **Health Services Integration**
Identify and pursue high value care arrangements for targeted classes of patients and conditions
- **Revenue Support**
Assist VHA in refining revenue cycle performance and maximizing net revenue
- **Program Evaluation**
Perform independent, external evaluation of demonstration results



VHA Optimization

Objective: Assist VHA with enhancing VHA internal care capacities and processes to minimize the need for purchased care

- How is medical management evolving? What methods best ensure most effective in-sourcing and provision of care? What clinical care strategies can you offer in VHA context?
- What lessons has industry learned regarding operational efficiency in providing inpatient and outpatient care across a range of settings and for the profile of conditions observed among Veterans?
- How can staffing be secured and optimized in partnership with the VHA, Affiliates, and community providers? What flexibilities and incentives could be put to work for Veteran care?
- What processes most effectively support the “compelling presumption” that the VHA is the provider of choice, and external providers are effective and complementary partners in care? What incentives best insure their use?



VHA Optimization

Objective: Assist VHA with enhancing VHA internal care capacities and processes to minimize the need for purchased care

- How would you foster electronic data exchange with community providers in ways that serve continuity interests for care provided by VHA providers
- How do we leverage VHA core competencies and care components most essential to Service-connected Veterans?
- How do we maximize intra-VHA institutional and provider business relationships? How do we support centers of excellence?



Community Optimization

Objective: Develop and manage community care capacities beyond VHA

- What are the most effective strategies to secure an effective mix of community based providers to care for Veterans in the purchased care component? How can we secure quality and patient safety, and best control costs of care for our system?
- How would you propose to arrange purchased care services in a manner and style that is most satisfying to Veterans? How would you make provision for established care relationships valued by Veterans?
- How would you advance the idea of community providers as high quality, virtual extensions of the VHA? What are the most important features of interoperability and how would you secure them?
- What steps would you propose to facilitate access and services that would foster Veterans satisfaction with VHA services?



Community Optimization

(Continued)

Objective: Develop and manage community care capacities beyond VHA

- How would you design and operate financial components for timely and economical payments to participating providers? How would you minimize out of pocket expenses for Veterans?
- What constitute essential electronic and data sharing interfaces between all parties to the processes of caring for Veterans?
- How would you facilitate most effective arrangements between VHA and other providers in the interest of improving cost, quality and access to care?



Health Services Integration

Objective: Identify and pursue high value care arrangements for targeted classes of patients and conditions

- How would you identify and address high value care needs and opportunities among Veteran populations?
- What vehicles, care strategies and financial models would you propose to use that would improve services to Veterans with special needs and advance VHA service excellence? Would you propose to go at-risk for any segments of work?
- How would you ensure that specialized care models and the 'disaggregation of the care value chain' do not degrade continuity of care for Veterans?



Revenue Support

Objective: Assist VHA in refining revenue cycle performance and maximizing net revenue

- If awarded this work, how would you propose to improve VHA care documentation and business processes to increase net collections for the Department in compensation for care provided?
- What special qualifications, effective strategies or innovative models would you offer?
- What components of risk would you be willing to accept in revenue and accounts receivable operations?



A Unique Opportunity

- VHA looks forward to the unique opportunity this demonstration provides to enhance our clinical and business operations for Veterans
- We look forward to structured engagements with industry and collaboration with thought leaders across the American health care sector
- VHA has an outstanding mission, value proposition, and service motive — we seek partners with enthusiasm for excellence, service to our Nation's heroes, and for delivering value for America

Excellence for Veterans – Value for America



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Acquisition Team

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Leonard Nale

***VHA Chief Business Office Contracts
Manager***

Donald Holmes

Contracting Specialist

Scott Moore

***Contracting Officer, Requirements
Development***

Donald Monaco

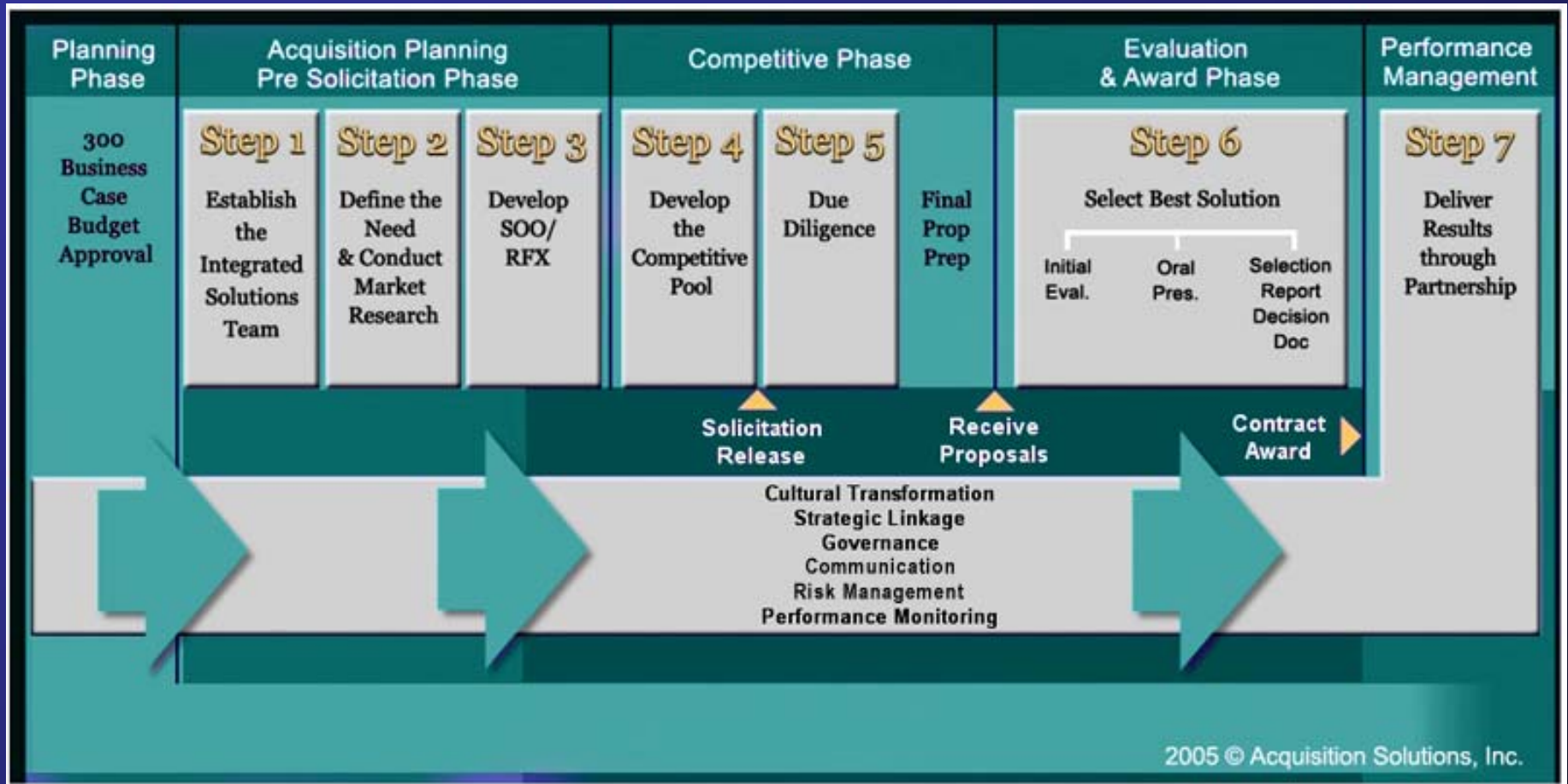
***Contract Logistics Support ,
XL Associates***

Stacy Nelson

***Performance Base Consultant,
Acquisition Solutions, Inc.***



Acquisition Overview





Integrated Solutions Team

- **VHA Chief Business Office – VHA Program Sponsor**
Provides Strategic Vision, Mission Objectives, and Goals
- **VHA Steering Committee**
Provides Oversight and Guidance
- **VHA CBO Program Management Office**
Provides Enterprise Level Program Structure & Control
- **VHA CBO Contracting Office**
Provides Acquisition Direction and Support
- **VHA Functional Objectives Teams**
Provide Technical Expertise to Define Statement of Objectives



Needs Definition/Marketing Research

- Effort of defining VHA statement of objectives in collaboration with industry and academia to implement health care strategies that have proven valuable within the broader public and private sectors
- Increasing the body of knowledge through market research



Statement of Objectives Development

- **“Functional Objectives Teams” develop Statements of Objectives in light of demonstration approach, industry contribution, and academic insight**
- **Statement of Objectives developed to solicit for “Request for Solutions”**



Competition

- **Full-and-Open competition**
- **Base year + options – multiple award – multiple tasking**
- **Performance-based Statement of Objective “Request for Solutions”**
- **Best Solution Awards / Value**



Evaluation and Award

- Evaluations based upon best solutions and value
- Advisory bodies will not part of source selection team
- Evaluation team members selected on technical credentials
- Individual tasks may be awarded at contract award
- Future tasks may be competed among awardees



Contract Administration

- **Contract management based on delivering results through partnership**
- **Contract designed to support solutions beyond the demonstration phase**
- **Industry and academic collaboration supported in the development of future tasks**
- **Performance measures to be used in monitoring contract**
- **Annual refreshment / option awards based on performance**



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